GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:2619
ANSWERED ON:05.12.2001
CORRUPTION IN MTNL
AKHILESH SINGH

Will the Minister of COMMUNICATIONS be pleased to state:

to the reply given to Unstarred Question No. 3205 dated August 13, 2001 and state:

(a) the points which were investigated by the Chief Vigilance Officer in relation to the items against serial numbers 5,9,12 and if the investigation is over then the reasons for as to why the competent authority is withholding the decision in this regard;

(b) the reasons for not taking any action so far after completing the investigation regarding the cases listed against serial numbers 8,13,14,15 and 16; and

(c) the time by which the guilty leaders, officers are likely to be punished after taking action in all the cases?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS(SHRI TAPAN SIKDAR)

(a) The points investigated by Chief Vigilance Officer (CVO) in respect of items against Sl. No. 5, 9, 12 and the reasons as to why the competent authority is withholding the decision in this regard is as given in Annexure-A.

(b) The reasons as to why the competent authority is withholding the decision in respect of cases listed against serial numbers 8, 13, 14, 15, and 16 are given in Annexure-B.

(c) On completion of the investigations as indicated against (a) and (b), appropriate action will be taken against guilty officials.

Annexure - A

S.No. Details of the Complaint Points of Investigation by the CVO

Decision of the Competent Authority

5. Complaint dated Nil from Bhartiya Mahanagar Telephone Karamchari Sangh regarding accident of General Secretary, MTNL Staff Union while using official vehicle etc.

i) Whether Shri Sarup Singh had taken the official vehicle outside Delhi in violation of the guidelines?

ii) Justification for the expenditure incurred in the repair of the vehicle which met accident.

iii) Justification of sanction of medical expenses to Sh. Sarup Singh after the accident .

The General Secretary of the recognized Union had been given official vehicle for the welfare of the staff with the stipulation that the usage of the vehicle would be restricted to 3,000 Kms. and the usage would be restricted to Delhi only. The Competent Authority has observed that the taking of the vehicle by Sh. Sarup Singh outside the Delhi was in violation of the guidelines. However, inorder to maintain the harmonious relationship between the mangement and the staff union it was considered appropriate by the competent authority to warn Sh. Sarup Singh to be careful in future. Regarding expenditure incurred on repair of the vehicle, MTNL Delhi is pursuing with the insurance company. Regarding meeting of medical expenses the competent authority has decided that such expenses can be sanctioned for any staff in the event of medical emergencies.

9. Complaint dated 5.12.2000 from Dr. Bali Ram, MP(L.S.) regarding alleged irregularities in digging of trenches for laying cables and in distribution of telephone directories in MTNL, Mumbai.

Irregularities in reinstatement works in MTNL, Mumbai has been examined by CBI. CBI in June/July, 2000 had registered six cases against 11 officers for alleged irregularities in reinstatement work. Again on 07.11.2000

CBI has registered 10 cases against 50 officers and 10 contractors for alleged irregularities in the reinstatement work. The matter is under further investigation of CBI. Regarding irregularities in the distribution of directories, disciplinary proceedings have been initiated against the 3 officials involved.

12. Complaint dated nil from Bhartiya Mahanagar Telephone Karamchari Sangh regarding alleged irregularities in the purchase of

diary by MTNL Delhi from MTNL Staff Union i) Whether there had been irregularities in purchase of table diaries for Group C & D staff from MTNL Staff Union at the rate of Rs. 50/- per diary?

In MTNL Group A & B officers are provided with diaries every year and these diaries are purchased from Jr. Engineer Telecom Association (JETA) and Telecom Engineering Services Association (TESA). General Secretary of the MTNL Staff Union (the recognized staff union of MTNL, Delhi) demanded that the diaries for Group C & D staff should be purchased from the said Union. A policy decision was taken in MTNL, Delhi to procure the diaries for C & D employees from the MTNL Staff Union. The Material Management Branch after doing Market survey approved the rate of Rs. 50/- per diary.

The rate approved for the purchase of Diary from the Officers Association was Rs. 100/- per Diary for 2000-2001. There was no irregularity in the purchase of Diaries. The matter is being further examined in the DOT Vigilance.

Annexure - B

S.No. Details of the Complaint

Action Taken

8. Complaint dated nil from Bhartiya Telephone employees Union Class.III regarding corruption, nepotism, arbitrariness and insubordination prevailing in Legal Cell, MTNL, Delhi Unit The matter is being examined by the Vigilance Wing, MTNL, Delhi.

13. Complaint dated 29.6.2001 from Dr. Bali Ram, MP(LS) rgarding foreign travel of Smt. Rashmi Kakkar, Sr. Telephone Operator posted as APS to CMD.

Matter is being examined by Vigilance Wing of Department of Telecom.

14. Complaint dated 29.6.2001 from Dr. Bali Ram, MP(LS) regarding alleged irregularities in the purchase of 30 Maruti 800 Cars in MTNL under self driving scheme.

As per Attachment-1.

15. Complaint dated 29.6.2001 from Dr. Bali Ram, MP(LS) regarding misuse of MTNL funds by Management on unproductive and wasteful expenditures.

As per Attachment-2.

16. Complaint dated 03.7.2001 from Dr. Bali Ram, MP(LS) regarding misuse of financial powers by DGM(Fin.), GM(Fin.) and Director(Fin.) of the Corporate Office of the MTNL. As per Attachment-3.

Attachment-1

Sub: Allegations of unnecessary wastage of money amounting to several lakhs in the purchase of 30 Maruti 800 cars under the self-driving scheme.

S.N. Allegations leveled Response of MTNL

1. Expenditure of Rs.75 lakhs for the purchase of 30 cars is a total wastage and unfruitful expenditure to MTNL. In addition MTNL will have to bear the insurance and registration charges amounting to about Rs. One lakh resulting is extra financial burden on MTNL. This is not wastage and unfruitful expenditure. The approx. average cost of hired vehicle is Rs.24-25 thousand pm. The corresponding details for self-driving scheme are as follows:

a) Petrol charges(100 ltrs @ Rs.30)pm	Rs.3000
b) Insurance charges p.m.	Rs.1000
c) Maintenance charges p.m.	Rs.3000
d) Depreciation charges p.m.	Rs.2000
e) Driver`s salary reimbursement p.m.	Rs.4000
Total cost p.m.	Rs.13000

Thus, the expected savings on account of this measure is around Rs.10,000/- per vehicle per month. For 30 cars, it comes to Rs. 3 Lakhs per month.

a. Sum of Rs.4000/- per month will be given to each officer for keeping drivers.

MTNL will also reimburse to the officer the salary of a driver at the rate of Rs.4000/- p.m. with no liability to MTNL.This dispersion is now being withdrawn in view of complaints.

b. Resulting in extra financial burden of about Rs.1,20,000 per month and Rs. 14,40,000 per annum on MTNL.

This is not an extra financial burden. Reply in (a) above is given taking into account this expenditure.

c. The maintenance of these cars will be borne by MTNL.In addition, a sum of Rs.2,500 will be given to each officer resulting in extra expenditure of Rs. one lakh per month and Rs.12 lakhs per annum to MTNL.These cars are property of MTNL and thus the maintenance of these cars will be borne by MTNL. Regarding expenses, there is no such proposal.

d. Sum of Rs.4500 pm will be given to each officer for purchase of petrol resulting in extra expenditure of Rs.1,35,000 p.m. and about Rs.16,20,000 per annum to MTNL.

This is incorrect.

Monthly quota of fuel given to the officer driving the vehicle is as follows:

Dist. from Office to Res.	Monthly quota of fuel
Up to 5 Kms	75 litres
6-10 Kms.	100 litres
11-15 Kms.	125 litres
Beyond 15 Kms.	150 litres

Expenditure on this account is also included while working out the cost-efficiency of the proposal as per reply in (a) above.

e. After 4 years of purchase of car, options to be given to each officer for purchase of these cars at a nominal price equal to 1/5th of purchase price resulting in exorbitant loss of Rs. 60 lakhs in the near future. The officer to whom the Car is allotted, will be given an option for purchase of the car after four years at book value as on the date of sale or the prevailing market price for a similar second hand vehicle whichever is less. This is an incentive for the officer to maintain the car properly.

f. Thus, total expenditure is equal to Rs. 1,18,60,000Interest thereon 16,60,400

Instead of any loss, there is saving to MTNL as replied in (a) above to the tune of Rs. 3 lakhs per month (more than the cost of a car).

g. Total estimated loss in four years = 60 lakhs Replied in (f) above.

h. The above actions contrary to the instructions of the Govt. of India to ensure economy curtail unnecessary expenditure by taking several steps including ban for a period of one imposed on the purchase of new vehicles vide order dated 24.9.2000 The expenditure is already being incurred on hired vehicles. The decision of purchasing vehicles has been taken to economise on this expenditure as per details given in(a) above.

i. How much will be saved as a result of the above measures.

The expected savings on account of this measure is around Rs.10,000/- per vehicle per month. Thus, for 30 vehicles the saving will be Rs. 3 lakhs per month.

j. What would happen to the drivers and the existing cars.

It is proposed to reduce the number of hired cars. Therefore, it has no impact on the existing cars and the drivers.

Attachment-2

Expenses of more than Rs.50 lakh for renovation and expenses on renovation of official residence of CMD, Director (F) and CGM Delhi

The expenses of more than Rs.50/- lakh for renovation given in the complaint of Bhartiya MTNL Karamchari Sanghis not correct. In fact only one estimate amounting to Rs.49,500/- was sanctioned for replacement of bamboo fencing and for providing Jali shutters on windows and ventilators in 8 Raisina Road, New Delhi, the residence of CMD in the last two years.

The Chief General Manager is allotted C-II/65, Bapa Nagar, New Delhi and no expenditure is incurred in he last two yearsBeing an estimate pool quarter, CPWD upgraded C-II quarter at Bapanagar to C-1 and accordingly this quarter of CGM was also to be upgraded. The work of upgradation by CPWD is in progress and is being carried out by CPWD as `Deposit Work` at estimated expenditure of Rs.8,09,300/-, CGM is entitled for C-1 accommodation.

The House No.T-41, Atul Grove Road, New Delhi, the residence of Director (F) was declared unsafe by Directorate vide letter No.13-3/96-W(T) dated 30.12.96. Since the house was under occupation and later it remained vacant, the roof of the quarter has now been replaced with RCC roof at a cost of Rs.1,90,300/-. There was no boundary wall and the condition of kitchen, bath room and compound road was very bad. In addition some doors/windows/cup boards were also eaten by white ants etc. and therefore, an estimate amounting to Rs.6,10,500/- was sanctioned and work was executed within this amount.

Expenditure in the Corporate Office

The Corporate Office presently has two floors in Tower.I and one floor in Tower.II. The accommodation in Tower.II was taken on hire almost a year ago. The accommodation in Tower.II consisted of a Hall and it could be utilized properly only after construction of cabins and sitting accommodation. An estimate was, therefore, got sanctioned and necessary cabins got constructed to accommodate senior officers including GMs and DGMs.

On the 12th floor in Tower.I, the office of CMD and Director (F) existed with a few other GMs. The Company has sanctioned the post of Director (Personnel) and a post for Director (Development) is being created.This necessitated creation of extra cabins for two Board Directors. In the process certain other adjustments are inevitable.

On the 12th floor also, there is a Conference Room.This Conference Room apart from being used as a Coffee Room, a Photocopier Room and room for general storage. On a number of occasions during Board Meetings, anguish was expressed at lack of privacy as the Board Meetings were in progress, people were going in and out to attend to other jobs. To meet the confidentiality requirement of Board Meetings, it had become necessary to provide a specific Board Room and separate Pantry and Discussion Room.

It was essential that the Corporate Office of a Company of MTNL Status had a Board Room which would provide adequate environment for the decisions in the Board Meetings to be taken. The total expenditure on renovation and reconfiguring the Board Room is likely to be Rs.7,35,000/- which is absolutely essential.

Attachment-3

REPORT

Following is the report on the allegations made in the letter dated 03.07.2001 of Dr. Bali Ram, Hon`ble MP (Lok Sabha).

Allegation No.1:

`That during the year 1997, Mahanagar Telephone Nigam Limited (MTNL) has launched GDR issue twice vide cheques amounting to Rs.4,72,458/- dated 04.11.97 and Rs.330,95,578/-, Rs.25,50,550/- dated 17.11.97. from the above amounts of Rs.61,18,586/-, MTNL has to get 20% discounted amount which is amounting to Rs.12,23,717/- to be credited to the account of MTNL.But till date the said amount has not been credited so far, causing huge financial loss including interest thereon`.

Comments:

In the year 1997, MTNL had only one GDR issue.Cheques mentioned in the letter of Shri Giri Raj Sharma, General Secretary of the Bhartiya Mahanagar Telephone Nigam Karamchari Sangh which has been enclosed by Dr. Bali Ram pertain to payments made to the travel agent engaged for booking. Air tickets for an inter-ministerial team of officers which participated in a `Road Show` organized in several countries abroad for disinvestment of Government shares in MTNL and raising fresh MTNL shares.There is no basis for MTNL to get 20% discount amounting to Rs.12,23,717/-. The allegation of financial loss, therefore, is not correct.

Allegation No.2:

`Corporate Office has made the expenditure of Rs.17 lakhs on the entertainment Head.Some of the details are given below for your kind consideration:

1. Mrs. Udita C. Kumar, DGM(Finance) Rs.1.31 lacs

2. GM(Finance) Rs.1.77 lacs

3. Director (Finance) Rs.1.30 lacs

4. PS to Director (Finance) Rs.0.45 lacs

Comments:

The Finance Wing of the Corporate Office handled the major public related issues, statutory auditors and Government auditors. During 1999-2000, GDR-II issue was also going on.All expenditures have been incurred for food and light refreshment for late sitting, holidays and meetings for officers, staff and members of audit team. During the closing of accounts and the audit, the officers of the

Finance Wing were frequently called for meetings. All expenses have been duly verified and passed by the concerned officers. In the Corporate Office, GMs/ DGMs were exercising full powers as far as expenditure on courtesy was concerned.In order to restrict the expenditure to certain levels, a revised order No. MTNL/CO/ Vig/ 61/ 2000-01 dated 21.07.2001 was issued recently.There is no irregularity in the courtesy expenditure incurred in 1999-2000.

Allegation No.3

`Heavy expenditure made by the Corporate Office on purchase of 30 Maruti Cars as well as expenditures made on the renovation of the office and residential premises etc.`

Comments:

A proposal for purchase of 30 Maruti 800 cars on self driving basis for SAG/ JAG level officers was approved in the 146th Meeting of the Board of Directors of Mahanagar Telephone Nigam Limited (MTNL)Regarding expenditure incurred on renovation of office etc., it has been done keeping in view the requirements. Thus, there is no irregularity. This allegation is, therefore, not true.